

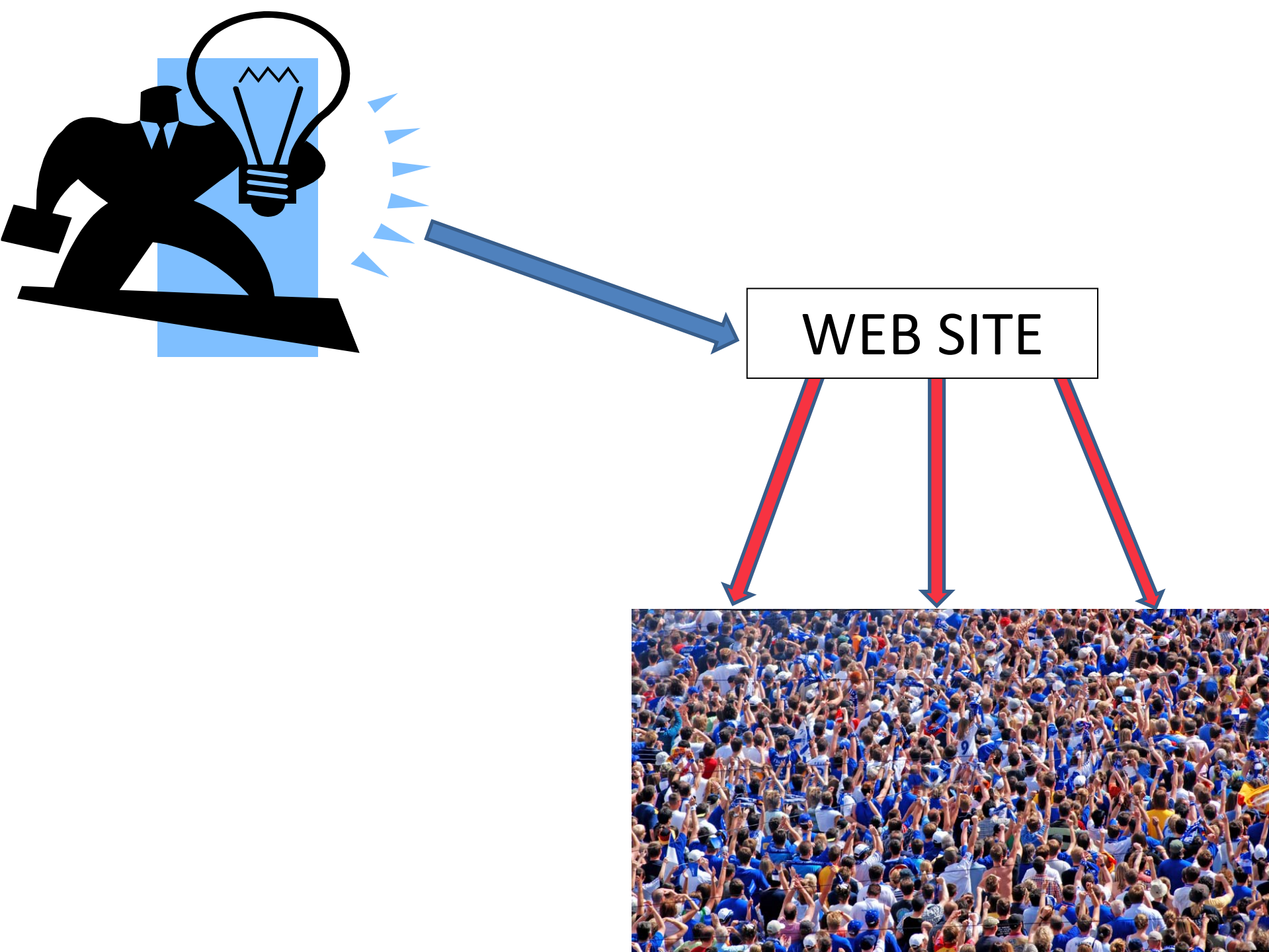
Crowdfunding and Federal Securities Law

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Crowdfunding

Small Business

Capital Formation



Research

Crowdfunding

Small Business

Capital Formation

“Capital Gap”

- Geographical
- Size of offering

Obstacles to Crowdfunding

- Registration Requirement
 - Exemptions not available

Obstacles to Crowdfunding

- Registration Requirement
 - Exemptions not available
- Crowdfunding Sites
 - Brokers?
 - Investment Advisers?

A Crowdfunding Exemption?

- White House Endorsement
- SEC Review
- H.R. 2930
- S. 1791

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Considerations:

- Risk
- Unsophisticated Investors

A Crowdfunding Exemption?

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Considerations:

- Risk
- Unsophisticated Investors

= Fraud?

Crafting an Exemption

- Common Agreement
 - Offering Amount

My proposal

\$500,000

H.R. 2930

\$1-2 million

S. 1791

\$1 million

Crafting an Exemption

- Common Agreement
 - Offering Amount
 - Individual Investor Limits

My proposal

\$500 or 2% of annual income

H.R. 2930

\$10,000 or 10% of annual income

S. 1791

\$1,000

Crafting an Exemption

- Common Agreement
 - Offering Amount
 - Individual Investor Limits
- Themes

Crafting an Exemption

- Common Agreement
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 - Individual Investor Limits
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 - As Little Regulation as Possible

Crafting an Exemption

- Common Agreement
 - Offering Amount
 - Individual Investor Limits
- Themes
 - As Little Regulation as Possible
 - Minimal Filing/Mandatory Disclosure Requirements

Crafting an Exemption

- Common Agreement
 - Offering Amount
 - Individual Investor Limits
- Themes
 - As Little Regulation as Possible
 - Minimal Filing/Mandatory Disclosure Requirements
 - Regulation of Intermediaries, Not Issuers

Crafting an Exemption

- Common Agreement
 - Offering Amount
 - Individual Investor Limits
- Themes
 - As Little Regulation as Possible
 - Minimal Filing/Mandatory Disclosure Requirements
 - Regulation of Intermediaries, Not Issuers
 - Preemption of State Law

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